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EIGHTH WARD VOLUNTEER FIRE DEPARTMENT
FINANCIAL STATEMENTS
RURAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND

As of and for the Two Years Ended
December 31, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-22-01

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

FINANCIAL STATEMENTS

RURAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND

As of and for the Two Years Ended December 31, 2000

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

FINANCIAL STATEMENTS

Rural Fire District No. 2 Current Restricted Fund

As of and for the Two Years Ended December 31, 2000

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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
• A PROFESSIONAL CORPORATION •
HAMMOND, LA • AMITE, LA

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May 11, 2001

INDEPENDENT AUDITOR'S REPORT

To the Officers of
Eighth Ward Volunteer Fire Department
Robert, Louisiana

We have audited the accompanying statement of financial position of the Rural Fire District No. 2 Current Restricted Fund of the Eighth Ward Volunteer Fire Department (a non-profit organization) as of December 31, 2000, and the related statements of activities and cash flows for the two years then ended. These financial statements are the responsibility of the Fire Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in Note 1, the financial statements being presented are only for the fund referred to above and do not include the assets, liabilities, and fund balances and the revenue, expenses and capital additions and cash flows of the Eighth Ward Volunteer Fire Department that are recorded in its Current Unrestricted Operating Fund and its Equipment Fund. Accordingly, the accompanying financial statements are not intended to present the financial position of Eighth Ward Volunteer Fire Department as of December 31, 2000 or its results of operations or cash flows for the two years then ended in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rural Fire District No. 2 Current Restricted Fund of the Eighth Ward Volunteer Fire Department as of December 31, 2000, and the results of operations and cash flows for the two years then ended in conformity with generally accepted accounting principles.

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2001 on our consideration of the Eighth Ward Volunteer Fire Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James".

DURNIN & JAMES, CPA's, P.C.

FINANCIAL STATEMENTS

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

STATEMENT OF FINANCIAL POSITION -
RURAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND

December 31, 2000

ASSETS	<u>2000</u>
Current Assets:	
Cash and cash equivalents	\$ 45,502
Receivables (Net of allowances for uncollectibles):	
Fire Protection District No. 2 contract fees	<u>14,607</u>
Total Current Assets	<u>60,109</u>
TOTAL ASSETS	<u>\$ 60,109</u>
 LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	\$ <u>11,178</u>
Total Current Liabilities	<u>11,178</u>
TOTAL LIABILITIES	<u>\$ 11,178</u>
 NET ASSETS	
Permanently Restricted	\$ <u>48,931</u>
TOTAL NET ASSETS	<u>\$ 48,931</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 60,109</u>

The accompanying notes are an integral part of this statement.

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

STATEMENT OF ACTIVITIES - RURAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND

For the Two Years Ended December 31, 2000

	<u>PERMANENTLY RESTRICTED</u>	
	<u>2000</u>	<u>1999</u>
SUPPORT AND REVENUES:		
Rural Fire District No. 2 Contract Fees:		
Ad valorem taxes	\$ 58,427	\$ 59,557
State revenue sharing	24,036	17,782
Fire insurance premium rebate	5,971	5,979
Interest income	1,281	940
Miscellaneous	<u>204</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	\$ 89,919	\$ 84,258
EXPENSES:		
Program Services - Fire Protection:		
Insurance	\$ 3,992	\$ 1,020
Repairs and maintenance	17,334	15,329
Fire station supplies	11,217	6,007
Fuel	4,010	2,638
Utilities	4,459	4,017
Telephone	4,042	4,070
Other	5,777	7,132
Supporting Services:		
Professional Fees	<u>1,999</u>	<u>500</u>
TOTAL EXPENSES	\$ <u>52,830</u>	\$ <u>40,713</u>
CHANGE IN NET ASSETS	\$ 37,089	\$ 43,545
NET ASSETS AT BEGINNING OF YEAR	68,682	47,689
Equipment purchased	<u>(56,840)</u>	<u>(22,552)</u>
NET ASSETS AT END OF YEAR	\$ <u>48,931</u>	\$ <u>68,682</u>

The accompanying notes are an integral part of this statement.

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

STATEMENT OF CASH FLOWS -
RURAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND

For the Two Years Ended December 31, 2000

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 37,089	\$ 43,545
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
(Increase) Decrease in Accounts Receivable	282	7,977
Increase (Decrease) in Accounts Payable	<u>7,289</u>	<u>(8,263)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 44,660	\$ 43,259
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment purchased	\$ <u>(56,840)</u>	\$ <u>(22,552)</u>
NET CASH FLOW FROM INVESTING ACTIVITIES	\$ <u>(56,840)</u>	\$ <u>(22,552)</u>
NET INCREASE (DECREASE) IN CASH	\$ (12,180)	\$ 20,707
CASH AT BEGINNING OF YEAR	<u>57,682</u>	<u>36,975</u>
CASH AT END OF YEAR	\$ <u><u>45,502</u></u>	\$ <u><u>57,682</u></u>

The accompanying notes are an integral part of this statement.

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years Ended December 31, 2000

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EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years Ended December 31, 2000

INTRODUCTION

The Eighth Ward Volunteer Fire Department (hereinafter referred to as the "Fire Department") is a Louisiana non-profit organization. Its purpose is to operate exclusively as a volunteer fire-fighting organization to provide fire protection and emergency response services in the Community of Robert and surrounding rural areas. The Fire Department is governed by a board of directors and officers consisting of a chief, a president, a training chief, a secretary, and a treasurer, each of which is elected by the membership. At the present time the Fire Department consists of 35 active volunteer firemen. The Fire Department maintains an office and equipment in a fire station in the Robert community.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis and in conformity with standards promulgated by the American Institute of Certified Public Accountants in its audit guide, Audits of Certain Nonprofit Organizations and its Statement of Position 78-10.

B. FUND ACCOUNTING

The accounts of the Fire Department are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. Externally restricted funds may only be utilized in accordance with the purposes established by the source of the funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

The accompanying financial statements present only the financial resources accounted for in the following fund:

The Rural Fire District No. 2 Current Restricted Fund represents revenues and expenses related to the operation of fire protection and emergency response services in the unincorporated rural areas surrounding the community of Robert under the terms of an agreement between the Fire Department and the Rural Fire Protection District No. 2 of Tangipahoa Parish.

The accompanying financial statements do not include the assets, liabilities, and fund balance and the support, revenues, expenses, and capital additions and cash flows reported in funds other than the Rural Fire District No. 2 Current Restricted Fund. Accordingly, the financial statements being presented are not intended to present the financial position of the Eighth Ward Volunteer Fire Department as of December 31, 2000 or its results of

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

operations or cash flows for the two years then ended in conformity with generally accepted accounting principles.

The Rural Fire District No. 2 Current Fund is considered restricted because under the terms of the contract with the Rural Fire Protection District No 2 of Tangipahoa Parish these funds "shall be expended solely for the purposes of operating, maintaining and/or purchasing of equipment and supplies...and salaries if approved by Fire District No. 2."

C. SUPPORT AND REVENUES

Support consists primarily of contract payments received from Rural Fire Protection District No. 2 of Tangipahoa Parish in the form of ad valorem taxes, state revenue sharing funds and fire insurance rebate funds. The Fire Department receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on formula contained in the original contract agreed to by all participating fire departments in Tangipahoa Parish. The ad valorem tax allocation is established in January of each year and disbursed by Rural Fire Protection District No. 2 on a quarterly basis. State revenue sharing and fire insurance rebate funds are disbursed to participating fire departments by Rural Fire Protection District No. 2 as the funds become available. As a result, ad valorem taxes and interest income is recognized as income in the period earned. State revenue sharing funds, fire insurance rebate funds and all other revenues are recognized as income when received.

D. CASH

Cash includes interest bearing demand deposits.

E. INCOME TAXES

The Fire Department is a non-profit organization and is exempt from income taxes under Section 501(C)(4) of the Internal Revenue Code. Therefore, no provision is made for income taxes.

F. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fire Department's financial instruments, none of which are held for trading purposes, include cash. The following methods and assumptions used by the organization in estimating its fair value disclosures for financial instruments are:

Cash: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

I. FINANCIAL STATEMENT PRESENTATION

The Fire Department has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the new statement, the Organization does not use fund accounting.

J. CONTRIBUTIONS

The Fire Department has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

2. CASH

Cash at December 31, 2000, consisted of the following:

Interest Bearing Demand Deposits	\$ <u>45,502</u>
Total	\$ <u>45,502</u>

3. RECEIVABLES

Receivables include amounts due from Rural Fire Protection District No. 2 at December 31, 2000, and are summarized as follows:

Due From Rural Fire Protection District No. 2:

Ad Valorem Taxes	\$ <u>14,607</u>
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EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

No allowance for uncollectible accounts is required at December 31, 2000.

4. CONTRACT WITH RURAL FIRE PROTECTION DISTRICT NO. 2

The Tangipahoa Parish Council (the parish governing authority) created Rural Fire Protection District No. 2 of Tangipahoa Parish (District) funded by an ad valorem tax to provide fire protection and emergency response services in the rural areas of the parish. The boundaries of the District include the unincorporated areas of Tangipahoa Parish.

The Fire Department entered into an agreement with Rural Fire Protection District No. 2 to provide fire protection and emergency response services in the unincorporated rural areas in the community of Robert. Funding is provided by an ad valorem tax and related state revenue sharing.

Under the terms of the contract with the District, these funds "shall be expended solely for the purposes of operating, maintaining, and/or purchasing of equipment or supplies and salaries if approved by Fire District No. 2." Equipment purchased remains the property of the Fire District and is not recorded in the accompanying financial statements.

5. DONATED SERVICES AND FACILITIES

All of the Fire Department's program services are provided by volunteers. No amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services and facilities.

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Fire Department's financial instruments, none of which are held for trading purposes, are as follows:

	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Financial Assets:		
Cash	\$ <u>45,502</u>	\$ <u>45,502</u>

OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS AND RECOMMENDATIONS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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May 11, 2001

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Officers of
Eighth Ward Volunteer Fire Department
Robert, Louisiana

We have audited the financial statements of the Eighth Ward Volunteer Fire Department (a non-profit organization) for the two years ended December 31, 2000, and have issued our report thereon dated May 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Eighth Ward Volunteer Fire Departments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and recommendations as item 00-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Eighth Ward Volunteer Fire Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James".

DURNIN & JAMES, CPA's, P.C.

FINDINGS AND RECOMMENDATIONS

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

CURRENT YEAR AUDIT FINDINGS

As of and for the Two Years Ended December 31, 2000

00-1

Income Tax Return Not Filed

Condition

During our audit we noted the Fire Department did not file a federal income tax return for 1999 or 2000. This condition was noted in the prior year audit report.

Cause

The cause of this condition appears to have been the failure of management to understand and adhere to the tax return filing requirements of non-profit organizations.

Criteria

Section 501(c) of the Internal Revenue Code provides that all non-profit organizations with gross receipts in excess of \$25,000 annually, file a Form 990, Return of Organization Exempt From Income Tax.

Effect

By not filing the required annual income tax returns, the Fire Department is not in compliance with federal law.

Recommendation

The Fire Department should review the tax return filing requirements for non-profit organizations and file an income tax return when required.

Management's Response

In a letter dated May 15, 2001, the Fire Department indicated that it will review the tax return filing requirements for non-profit organizations and will file an income tax return when required.

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended December 31, 2000

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
00-1	Federal income tax returns not filed.	The Department intends to file all required income tax returns.	Cindy Overmier	12/31/01

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

EIGHTH WARD VOLUNTEER FIRE DEPARTMENT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As of and for the Two Years Ended December 31, 2000

Ref. #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken	Planned Corrective Action - Partial Corrective Action Taken
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COMPLIANCE

98-1	June 30, 1994	For 1993-1998, federal income tax returns were not filed.	No	The Department intends to file all required income tax returns.
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INTERNAL CONTROL OVER FINANCIAL REPORTING

NONE

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Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

June 12, 2001

Members of the Board of Directors
Eighth Ward Volunteer Fire Department
Robert, Louisiana

We have audited the financial statements of the Eighth Ward Volunteer Fire Department for the two years ended December 31, 2000, and have issued our report thereon dated May 11, 2001. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated November 28, 2000, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Eighth Ward Volunteer Fire Department. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Eighth Ward Volunteer Fire Department's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

The significant accounting policies used by the Eighth Ward Volunteer Fire Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1999 and 2000. We noted no transactions entered into by the Eighth Ward Volunteer Fire Department during the two years that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

Management's estimate of the allowance for doubtful accounts is based on historical analysis of the collectibility of individual accounts receivable. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Eighth Ward Volunteer Fire Department that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed several audit adjustments related to accounts receivable and accounts payable. The corrections were not considered material in relation to the financial statements of the Eighth Ward Volunteer Fire Department taken as a whole. The Fire Department has agreed to the proposed audit adjustments and will record the adjustments in the accounting records of the Eighth Ward Volunteer Fire Department for the two years ended December 31, 2000.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

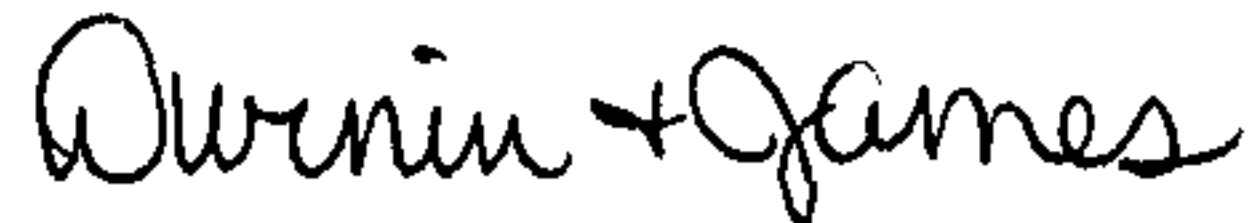
To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the past two years that are subject to the requirements of Statement on Auditing Standards No. 50, "Reports on the Application of Accounting Principles."

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



DURNIN & JAMES, CPA'S

(A Profession Corporation)

DEJ/dhp